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France

Agricultural Situation

EU Commission Fines French Farm Group for Illegal Beef Price Cartel 2003

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Report Highlights:

EU Directorate for Competition slaps 16 million euro (USD 17.3 million) fine on several French Farm groups for an illegal agreement setting minimum beef prices back in October 2001, at the peak of the Mad Cow crisis in France. The fine is larger than the main farm group annual budget and has infuriated French farming sector. The French Agricultural Minister supports the farm groups who are planning wide spread demonstrations and will join in their appeal of the fine. The EU decision may threaten proposed French regulations to set minimum prices for fresh agricultural products.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Paris [FR1], FR

The EU Commission has decided to fine French farm groups a hefty 16 million euro (USD 17.3 million) for a 2001 beef price fixing scheme. The EU General Director for Competition, Mario Monti, has accused the farm groups of trying set up a price cartel for beef in October 2001, during the BSE crisis. The fine is directed mainly at the largest French farm union, FNSEA, the French equivalent to the U.S. Farm Bureau.

Between 24 October 2001 and January 2002, the French beef producers and the French beef industry associations (including slaughterhouses and processors) worked out an agreement to pay a minimum price to producers (at least 2 FF above EU intervention price) of French beef as well as to reduce imports of beef meat from other EU and non-EU countries. The agreement followed several weeks of protest by French beef producers who complained that while producer prices had reached historical lows, consumer prices were still rising. Producers raided several slaughterhouses and cutting plants, destroying imported beef meat. At the time, the agreement was supported by then French Agricultural Minister, Jean Glavany. The EU commission quickly denounced the agreement as illegal and in December 2001, inspectors from the Competition Directorate raided FNSEA's headquarters to find proof of the price fixing agreement.

Announcing the EU decision on April 3, 2003, Mario Monti stated that, because of the difficult situation (BSE crisis) that prevailed in 2001, the Commission had shown some indulgence by reducing the fines which should have been higher. Nevertheless, the announcement infuriated the farm groups who have promised to take action..

For FNSEA, the fine is a massive blow, as it exceeds its annual budget. The former Agriculture Minister, Jean Glavany, said he was outraged by the Commission's decision and fully supports the farmers. The current Agriculture Minister, Hervé Gaymard, expressed his solidarity with the farm groups and is expected to request an explanation from Agriculture Commissioner Franz Fischler during the Agriculture Ministers Council of April 8. On the other hand, the French Prime Minister Jean-Pierre Raffarin refuses to comment on the story.

FNSEA has called for its members to demonstrate in front of the Commission's representation in Paris as well as in front of EU offices throughout France. However, as of April 8, the number of demonstrators have been well below expectations, far from the thousands expected by FNSEA, but the media coverage has been extensive. Farmers from northern France are also likely to march on Brussels in the next couple of days. FNSEA's president, Jean-Michel Le Metayer stated that he intends to appeal the Commission decision and to take the case to the EU Court of Justice.

In a more general perspective, the Commission's decision calls into question the legality of several agreements and proposed French regulations which set minimum prices for agricultural products. In France, such system exists for fruits and vegetables and the French Government has announced that he intends to expand it to all fresh agricultural products such as meat and dairy.